



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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March 31, 1998

CERTIFIED RETURN RECEIPT  
P 074 976 632

Jerry North  
Interstate Brick Company  
9780 South 5200 West  
West Jordan, Utah 84088

Re: Notification of Bond Cancellations, Koosharem Mine (M/031/002), Piute County; Fivemile Pass Mine (M/045/006), Tooele County; Powell Mine (M/049/004), Jim Gay Mine (M/049/005); and Black Shale Mine (S/049/003), Utah County, Utah

Dear Mr. North:

On March 26th and 27th we received cancellation notices from St. Paul Surety that they were canceling the reclamation surety bonds for your Koosharem, Five Mile Pass, Powell, Jim Gay and Black Shale mining operations. The cancellation notice is effective ninety (90) days from our receipt of the letter.

On March 27th, Mr. Lynn Kunzler of our staff contacted you by telephone to inform you that we had received two of the cancellation notices. Mr. Kunzler also informed you that replacement sureties had to be in place by April 15, 1998 in order to avoid the Division starting procedures to forfeit the reclamation bonds. We can extend this date to May 8, 1998. We have since been contacted by Hucik and Company (bonding company for Pacific Coast Building Products) that they were going to replace the bonds with National Fire Insurance Company, with the exception of the Koosharem Mine. The bonding company informed us that the Koosharem bond is to be permanently canceled because the property had been sold.

This letter is to advise you that Interstate Brick Company is still the party responsible for the Koosharem project until an official transfer of this project has been executed and a reclamation surety bond has been posted by Paradise Management Corporation (Don Fullmer) and approved by our Board of Oil, Gas and Mining (Board). Mr. Fullmer has been notified that in order to go to the April Board hearing, the replacement bond will need to be in place prior to April 3, 1998.

The Black Shale surety is held by School and Institutional Trust Lands Administration (SITLA). We have contacted John Black of SITLA and informed him of this cancellation and also forwarded the original cancellation notice to him. The Division will only need a copy of the new replacement surety for this project.

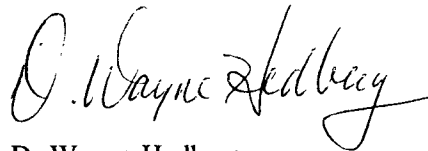
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We have been directed by the Board that whenever a surety is changed, the amount needs to be updated to current dollars and escalated five years into the future. Due to time constraints, the Division will not have the opportunity to perform a full inspection at this time to reevaluate the status of the mining projects. Therefore, we have updated the bond amounts for escalation purposes only to the year 2003. We have been advised that the sureties will be immediately replaced by Hucik and Company as soon as they receive the Division's bonding forms and the new dollar amounts. The updated amounts are as follows:

<u>Mine Number</u>	<u>Mine Name</u>	<u>Last updated amount</u>	<u>Update to Year 2003 dollars</u>
M/031/002	Koosharem Mine	\$23,022	(IBC posted \$37,300 for flexibility) Don Fullmer to post surety by 4/3/98 or Interstate Brick needs to post by 5/8/98.
M/045/006	Fivemile Pass Mine	\$108,300	\$123,100 (IBC posted \$150,000 for flexibility)
M/049/004	Powell Mine	\$157,600	\$190,400
M/049/005	Jim Gay Mine	\$61,816	\$75,100
S/049/003	Black Shale Mine	\$25,000	Contact SITLA for amount

If you have any questions regarding this letter, please contact me at (801) 538-5286, Tony Gallegos at (801) 538-5267, or Lynn Kunzler at (801) 538-5310.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
cc: John Blake, SITLA  
Tina Handy, Hucik and Company (via fax - 916-852-8458)  
interst.bnd